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Economic Intelligence Weekly

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CIA No. 8221/74
25 September 1974

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ECONOMIC INTELLIGENCE WEEKLY

25 September 1974

INDUSTRIAL NATIONS

25X1 **Developed Countries: Short-Term Economic Prospects;** OECD nations face retarded growth and persistent inflation. [] (See page 1.)

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The **Compromise on EC Agricultural Policy** reached last week by the farm ministers has not satisfied any member government. The 5% hike in support prices will probably not raise farm incomes enough to offset rising production costs. Devaluation of the special British and Irish exchange rates for calculating farm prices—by 7.5% and 10%, respectively—will further erode the uniform application of common farm policy. []

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Canada Moves to Reduce Imports of US Coal; Rising US prices have spurred plans to develop facilities to move West Canadian coal to Ontario consumers, starting in 1976. [] (See page 10.)

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Australia to Raise Taxes on Mining; New measures will tighten depreciation and depletion rules. [] (See page 11.)

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INTERNATIONAL MARKETS

The **Dollar** declined slightly against most major foreign currencies last week. The largest decline—0.6%—was against the yen, which has been buoyed by press announcements of Japanese successes in arranging long-term financing from oil producing countries. The exchange markets were not affected by recent warnings of the

possible consequences of high oil prices. Gold was fixed at \$147.50 an ounce in London yesterday afternoon, down only \$0.25 for the week after plummeting \$5 last Tuesday. []

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Central Bankers Seek Ways to Restore Stability; Both the United Kingdom and West Germany are taking steps to assure that the international banking system will not crumble. [] (See page 3.)

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World Tin Prices Stay Near Record Level; Prices showed considerable strength on Monday at \$4.18 per pound, owing to stagnant mine production and continuing strong demand. [] (See page 4.)

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Copper Prices on the LME edged several cents higher during the week to reach 64.4 cents a pound on Monday, 2.6 cents higher than the yearly low of a week ago. The increase occurred in spite of an 8,825-ton addition to LME stocks, now at 82,000 tons—the highest level since April 1973. []

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Coffee Producers Try to Boost Prices; They have agreed to withhold 12 million bags—about 20% of exportable production—from the world market in the 1974-75 coffee year. [] (See page 10.)

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DEVELOPING COUNTRIES

Portuguese Africa: Economic Outlook After Independence; Angola and Mozambique have brighter prospects than most other sub-Saharan countries, while the situation in Guinea-Bissau is less promising. [] (See page 5.)

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Peru: Anchovy Fishing to Begin Again; Fishmeal exports probably will increase 50% over 1973. [] (See page 10.)

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COMMUNIST COUNTRIES

Credit Policies for East-West Trade; Western industrialized countries still cannot harmonize export credit policies in trade with Communist countries. [] (See page 11.)

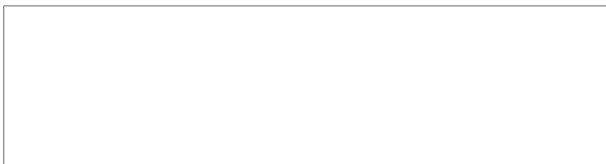
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USSR: Threshing of Grain Picks Up; Improved weather in September has helped the Soviets push the grain threshing rate above last year's level. [] (See page 11.)

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East Germany: US Recognition and Commercial Relations; Recognition earlier this month will improve the commercial climate while having little immediate effect on trade. [] (See page 2.)

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PUBLICATION OF INTEREST

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People's Republic of China: International Trade Handbook (See page 12.)

COMPARATIVE INDICATORS

Recent Data Concerning Internal Economic Activities
(See page A-1.)

Recent Data Concerning External Economic Activities
(See page A-2.)

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Articles

DEVELOPED COUNTRIES: SHORT-TERM ECONOMIC PROSPECTS*

We estimate that the recovery of major foreign developed countries from the economic slump in the first half of 1974 will be very slow and uncertain. We project GNP stagnating in 1974 and growing at about a 3% annual rate in the first half of 1975.

While our estimates for economic growth through mid-1975 are considerably below those of the OECD Secretariat, they are more likely to prove too high than too low. Barring a rapid and general reversal of the presently restrictive government policies, recovery in the first half of 1975 is unlikely to be stronger than we project but could be substantially weaker.

Inflation will slow, but only moderately. Price increases will be due in part to tight supplies of feedstuffs and rising oil costs. More important, the momentum of wage increases is such that rapid inflation will continue in the short run, despite restrictive government policies.

The trade balances of the OECD countries would improve in the first half of 1975, assuming constant oil prices. But the recent decision of OPEC countries to increase crude prices by 5% and their declared intention to adopt some form of price indexing next January will almost certainly mean a slightly larger deficit.

The distribution of the countries' overall trade deficit will continue to be highly skewed. West Germany will run a large surplus while Britain, Italy, and many of the smaller countries will have massive deficits. Most countries will be able to find necessary financing through mid-1975, but Italy and some of the smaller countries such as Denmark may have problems. [REDACTED]

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* This article presents the key judgments of ER IR 74-24, *Developed Countries: Short-Term Economic Prospects*, September 1974. [REDACTED] The main body of the report appears in an annex to this *Economic Intelligence Weekly*.

Note: Comments and queries regarding the *Economic Intelligence Weekly* are welcomed. [REDACTED]

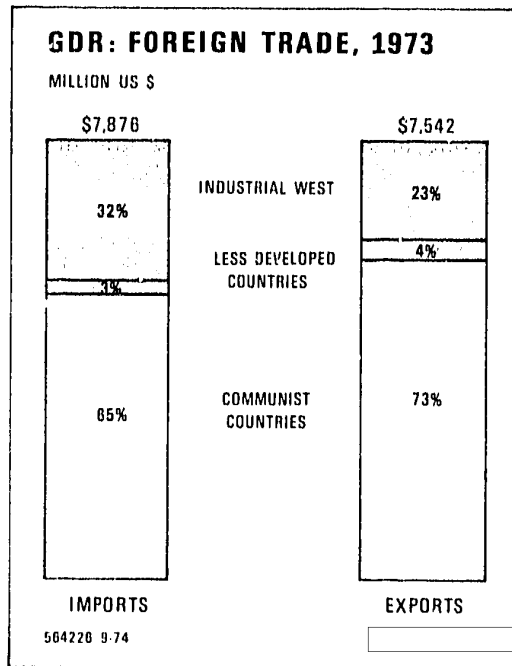
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EAST GERMANY: US RECOGNITION AND COMMERCIAL RELATIONS



US recognition of East Germany earlier this month will improve the commercial climate while having little immediate effect on trade. The United States has lagged behind other Western countries in supplying East Germany with the industrial and agricultural products unavailable from Communist countries.

Since the mid-1960s, the GDR has turned increasingly to the industrial West for its growing needs for basic materials (copper, rolled steel, and synthetic fibers), agricultural products (grain and oilseed cakes and meal), and machinery (petrochemical and metallurgical equipment). As a result, the industrial

West accounted for 32% of East German imports in 1973, compared with 22% in 1965. West Germany supplies about one-third of imports from the West, with the remainder coming chiefly from the Netherlands, France, the United Kingdom, and Switzerland. Exports to the West—largely consumer goods and machinery—has trailed far behind imports. Consequently, the ratio of debt servicing to export earnings is currently about 25% and is increasing.

The United States accounts for only 5% of East German imports from the West. Soybean meal, corn, and wheat made up 90% of US sales of \$135 million in 1973. American companies have tried to promote sales of nonagricultural products with little success. No major contracts have been signed in the past several years, although a potential market exists for US chemical plants and equipment, agricultural machinery, data processing equipment, and electronic components. Future growth of US sales hinges on Pankow's securing US financing that is competitive with West European and Japanese credits. The GDR probably will be unable to obtain the desired US Exim Bank credits until progress is made on the question of war claims.

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East German exports to the United States—primarily printing and photographic equipment—amounted to only \$12 million in 1973. Sales to the United States should increase if the GDR is granted MFN status; most of the potential exports—such as knitting machines, printing presses, and glassware—are now subject to a high degree of tariff discrimination. Even with MFN, a sharp increase is unlikely unless East Germany produces more consumer goods for export and upgrades the quality of its machinery. [REDACTED]

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CENTRAL BANKERS SEEK WAYS TO RESTORE STABILITY

Concern over the stability of the European banking structure dominated discussions at this month's meeting of central bankers in Basel. Even though the United Kingdom and West Germany are taking steps to assure that the system will not crumble, the responsibility for monitoring foreign-owned banking operations has not been fully resolved.

[REDACTED]

Bonn

already has set limits on foreign exchange operations and has formed a consortium to aid small banks facing acute liquidity shortages. Until now the attitude toward bank failures has been much more casual in West Germany than in the United Kingdom and the United States.

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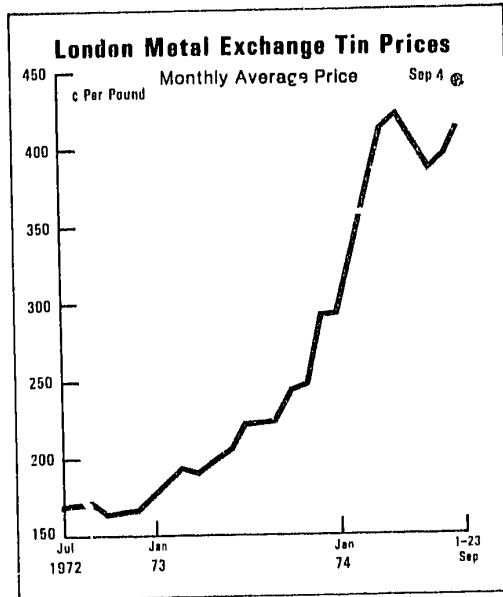
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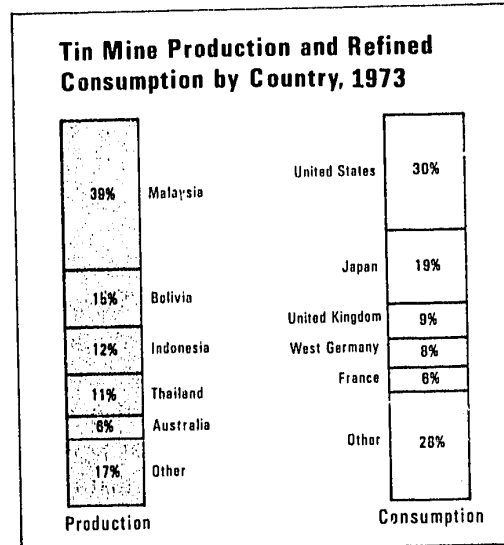
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WORLD TIN PRICES STAY NEAR RECORD LEVEL



Tin prices on the London Metal Exchange (LME) remained strong at \$4.18 a pound on Monday—150% more than in late 1972 and still near the record high of early this month. No appreciable decline in prices is expected in the near term because

- mine production is stagnating;
- demand by industrial users, dealers, and speculators has continued to rise; and
- the buffer stock of the International Tin Council (ITC) has been largely depleted.



As usual, US market prices have been closely following the trend of LME prices.

In 1974, Free World consumption of refined tin probably will again exceed production, perhaps by as much as 20,000 tons (12%). Although the United States had released 23,000 tons from strategic stockpiles by early September, supplies remain tight. Only 7,000 tons remain available for disposal under

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the previous Congressional authorization. The buffer stocks of the ITC currently contain only 142 tons and LME holdings are only 1,795 tons. Meanwhile, consumers continue to rebuild depleted inventories and speculators are active, in anticipation of still higher prices.

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Free World Tin Production and Consumption

	Thousand Tons Metal Content					
	1969	1970	1971	1972	1973	Estimated 1974
Mine production	179.6	182.4	186.5	196.3	185.3	187
Production of primary tin	179.6	177.4	185.3	189.5	185.3	187
Consumption of refined tin	183.3	183.6	183.7	187.6	201.1	210

World mine production of tin has declined since 1972 in most of the major producing countries. In Malaysia, source of nearly 40% of Free World tin, declining ore grades and, more recently, the high cost of oil used in dredging operations have caused marginal producers to close down. At the same time, sharply increased costs of new dredges have slowed the start of new operations. Production increases planned in Bolivia and Indonesia this year will do little more than make up for previous declines.

Demand has remained strong for tin plate, which consumes nearly one-half of tin output, and for solder in the electronics industry. Various substitutes for tin plate—including glass, tin-free steel, aluminum, plastics, and paper—also are currently in short supply, with prices to match.

Without sales from the remaining US stockpile of 205,000 tons, tin prices can be expected to rise further. If Congress approves releases from the 165,000 tons previously declared surplus, prices probably would not rise much higher and could drift downward because of slackening industrial demand in developed countries.

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PORTUGUESE AFRICA: ECONOMIC OUTLOOK AFTER INDEPENDENCE

Two Portuguese territories — Angola and Mozambique — have brighter economic prospects than most other sub-Saharan countries. The outlook for the former territory of Portuguese Guinea (now Guinea-Bissau) is less promising.

Longstanding economic ties insure a continuation of Portuguese influence for a number of years. Portugal has established a common monetary and payments system, a well-integrated credit system, a preferential trade market, and a centralized

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development plan throughout the territories. Portuguese companies own most major manufacturing and transportation facilities and conduct the bulk of external trade and domestic commerce.

Angola

Rich agricultural and mineral resources have enabled the Angolan economy to grow at 11% in recent years. Oil production reached 165,000 b/d in 1973, 90% from the exclave of Cabinda. Angola also produces diamonds and iron ore in substantial quantities and is one of the world's largest coffee producers. The United States -- the largest trading partner after Portugal -- is the prime market for Angolan coffee and an important customer for its oil.

Sporadic outbreaks of civil unrest have had minor economic effects. While short-term credit is scarce, most retail establishments are functioning normally. Shortages are due more to hoarding than to production or distribution problems.

Government foreign exchange and banking restrictions and the depressed real estate market have slowed the emigration of whites, making it impossible for them to leave with more than a fraction of their holdings. Nonetheless, some loss of managerial and technical skill is inevitable. Some transitional problems thus are in store before the rich economic potential of Angola can be realized.

Mozambique

Development in Mozambique will be aided by its varied agricultural resources and major transport facilities. The economy is now based on commercial agriculture, mainly cashew nuts, cotton, and sugar. The diverse, though generally low-grade, mineral resources remain largely unexploited; long-term world price trends probably will work in their favor. Mozambique is heavily dependent on earnings from tourism, migratory labor, and transportation services to South Africa and Rhodesia.

Its railroads and ports handle almost all of Rhodesia's and about one-fourth of South Africa's foreign trade. In 1973, these services plus tourism and the repatriated wages of 100,000 workers in South African gold mines earned \$200 million in foreign exchange. Mozambique also is the beneficiary of investment from South Africa, primarily for the \$500 million Cabora Bassa hydroelectric powerplant.

Black leaders in Mozambique have voiced cautious attitudes toward altering connections with their white neighbors. Restrictions on South African and Rhodesian shipping over Mozambique transport routes are unlikely, at least during

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the transitional period while governmental authority in Lourenco Marques is consolidated. Pretoria and Salisbury have expressed a willingness to cooperate with an independent black government in Mozambique.

Sharply higher wage demands and emigration of whites have become urgent problems for the new state. Widespread strikes have caused production losses and have delayed loading and unloading at the harbors. Supply shortages among the black population in Lourenco Marques, caused by rioting earlier in the month, have necessitated emergency distribution of food. Over the longer run, Mozambique will find it more difficult than Angola to develop its natural resources and, in general, to achieve high rates of economic growth.

Guinea-Bissau

Guinea-Bissau is the poorest of the territories. Most of its population is engaged in subsistence agriculture, with rice the main crop. Production of cash crops -- notably peanuts -- has been disrupted by hostilities. Many expatriate traders have left, and commerce will face a further setback with the departure of the colonial army. Bauxite deposits represent the only known mineral wealth.

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Secret**Notes****Peru: Anchovy Fishing to Begin Again**

Peru has announced it is resuming anchovy fishing, suspended since the end of May. Lima probably will limit the catch for the remainder of 1974 to about 2 million tons. The total catch for 1974 is expected to be 4.5 million tons and total fishmeal production to be more than 1 million tons. Overfishing, poor spawning, and unfavorable water conditions held the catch for all of 1973 to 1.8 million tons. Fishmeal exports this year probably will be about 800,000 tons -- 50% over 1973 -- substantially increasing the world's protein supply. [REDACTED]

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Coffee Producers Try to Boost Prices

According to press reports from the International Coffee Organization (ICO) meetings in London, the coffee producing countries have agreed among themselves to withhold 12 million bags of coffee (about 20% of exportable production) from the world market during the coming 1974-75 coffee year. Coffee prices rose sharply in response to the news even though it is doubtful that the producers will fulfill their agreement. Just before last year's ICO meetings, the producers agreed to cut exports for 1973-74 by 5.5 million bags but failed to implement the agreement. Vigorous selling on the part of some major producers has weakened the market since early this year; prices fell from a peak of 75 cents per pound (for Central American coffees) to a low of 52 cents, which prevailed just before the new producer agreement. [REDACTED]

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Canada Moves to Reduce Imports of US Coal

Because of sharply increased prices for US coal, Canada plans development of facilities to move West Canadian coal to Ontario consumers. Eastward shipments are to begin in 1976 at 5 million tons and are scheduled to reach 10 million tons by 1980. The proposed move ultimately would cause a 60% reduction in US coal exports to Canada, which now stand at \$250 million. Since supplies for Eastern Canada will have to come mainly from output now exported to Japan, Ottawa is considering measures patterned after recent uranium export controls, which allow sales only in excess of domestic needs. [REDACTED]

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Australia to Raise Taxes on Mining

Canberra has proposed tax measures that will reduce incentives for mineral development. The draft budget for FY 1975:

- bars accelerated depreciation of property in new mining and oil operations;
- ends the 20% depletion allowance for certain minerals, including copper, bauxite, and nickel; and
- prohibits tax deductions for expenditures related to company formation and capital raising.

Such measures have been expected since the publication last spring of a report indicating that the mining industry had received more in tax concessions, subsidies, and other benefits than it had paid in taxes and royalties. [REDACTED]

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USSR: Threshing of Grain Picks Up

Improved weather in September has helped the Soviets push the grain threshing rate above last year's level, for the first time in 1974. As of midmonth, 84% of the grain crop had been threshed, compared with 81% last year. Throughout the harvest period the regime has voiced serious concern about the grain lost because of delays in threshing. By 16 September, only 5.5 million hectares of cut grain remained unthreshed -- about one-half the August level. The area of grain cut by mid-September remains slightly below last year's level, amounting to about 88% of the total sown area. Although the regime claims that more grain has been planted

this year than last year, a smaller area probably will be harvested because of killing drought in the east and slow development in the northwest. [REDACTED]

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Credit Policies for East-West Trade

Discussions by Western industrialized countries, aimed at harmonizing export credit policies worldwide, terminated without agreement earlier this month. In the past decade, many of these countries competing for Soviet and East European contracts have provided credits for up to 15 years and at interest rates as low as 5-1/2%. Although the EC, Japan, and the United States reached tentative agreement on a maximum credit length of 8-1/2 years for Communist nations, differences remain over interest rates -- 7-1/2% against 8% -- and the nature and

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size of allowable exemptions. The USSR and Eastern Europe have relied heavily on Western credits to finance imports and have vigorously encouraged credit competition among their Western trading partners. [REDACTED]

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Publication of Interest*

People's Republic of China: International Trade Handbook

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This handbook provides a short text on PRC trade in 1973 and estimates of trade in 1974. It contains 12 tables covering trade trends, trading partners, commodity composition, and Chinese foreign trade corporations. Pushed by soaring world prices, currency revaluations, and a rising physical volume of imports and exports, the dollar value of foreign trade in 1973 increased 67% to \$9.9 billion. The United States became China's number two trading partner. The outlook for 1974 is for trade to increase another 30% to 40%.

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INTERNAL ECONOMIC INDICATORS

GNP*

Constant Market Prices

	Latest Quarter	Percent Change from Previous		Average Annual Growth Rate Since	
		1 Quarter Earlier	1970	1 Year Earlier	1 Month Earlier
United States	74 II	0.4	3.6	1.2	1.6
Japan	74 II	5.6	5.7	3.3	2.4
West Germany	74 I	1.2	3.5	1.5	5.0
France	73 IV	1.8	5.3	5.7	7.3
United Kingdom	74 I	3.5	1.9	4.4	13.3
Italy	73 IV	1.9	3.7	5.3	7.7
Canada	74 I	1.7	5.4	10	7.0

WHOLESALE PRICES

Industrial

	Latest Month	Percent Change from Previous		Average Annual Growth Rate Since	
		1 Month Earlier	1970	1 Year Earlier	1 Month Earlier
United States	Aug 74	2.4	9.8	27.5	32.9
Japan	Aug 74	1.0	11.1	32.8	14.9
West Germany	Jun 74	0.2	7.0	13.1	10.3
France	Jul 74	0.4	12.8	32.5	0.4
United Kingdom	Aug 74	1.3	11.1	25.3	19.3
Italy	May 74	0.7	14.5	48.3	44.1
Canada	Jun 74	1.5	10.4	23.5	16.1

INDUSTRIAL PRODUCTION*

	Latest Month	Percent Change from Previous		Average Annual Growth Rate Since	
		1 Month Earlier	1970	1 Year Earlier	1 Month Earlier**
United States	Aug 74	0.4	4.0	1.0	1.3
Japan	Jul 74	0.4	8.3	1.4	8.3
West Germany	Jun 74	2.8	2.7	1.1	2.2
France	Jun 74	0.8	8.2	5.0	2.2
United Kingdom	Jun 74	0.6	2.3	2.0	18.2
Italy	Jun 74	5.7	5.8	8.5	3.9
Canada	Jun 74	0.6	6.2	3.3	2.9

CONSUMER PRICES

	Latest Month	Percent Change from Previous		Average Annual Growth Rate Since	
		1 Month Earlier	1970	1 Year Earlier	1 Month Earlier**
United States	Aug 74	1.3	6.4	11.2	13.2
Japan	Jul 74	1.8	11.5	25.2	11.9
West Germany	Aug 74	0	6.1	6.9	2.5
France	Jul 74	1.3	8.2	14.4	15.3
United Kingdom	Jul 74	0.9	10.6	17.1	14.0
Italy	Jul 74	2.4	9.9	18.7	22.3
Canada	Aug 74	1.0	6.7	10.8	12.7

RETAIL SALES*

Current Prices

	Latest Month	Percent Change from Previous		Average Annual Growth Rate Since	
		1 Month Earlier	1970	1 Year Earlier	3 Months Earlier**
United States	Aug 74	0.6	10.1	9.9	13.7
Japan	May 74	4.7	13.0	15.9	1.7
West Germany	Jun 74	0.5	7.7	2.0	0.1
France	May 74	6.2	8.5	18.1	1.3
United Kingdom	May 74	0	11.2	18.2	7.4
Italy	Feb 74	8.6	19.0	35.9	36.7
Canada	Jun 74	0.2	12.2	17.8	18.4

MONEY SUPPLY*

	Latest Month	Percent Change from Previous		Average Annual Growth Rate Since	
		1 Month Earlier	1970	1 Year Earlier	3 Months Earlier**
United States	Aug 74	0.3	5.9	5.4	3.4
Japan	Jun 74	1.8	12.9	15.7	17.6
West Germany	Jun 74	2.0	9.7	5.3	10.4
France	Feb 74	0.2	12.0	9.2	18.5
United Kingdom	Jun 74	0.6	8.7	0.8	8.3
Italy	Jan 74	0.1	20.7	22.7	22.5
Canada	Jul 74	0	12.7	9.6	12.5

MONEY-MARKET RATES

Percent Rate of Interest						
	Representative Rates	Latest Date	Percent			
			1 Year Earlier	3 Months Earlier	1 Month Earlier	
United States	Dealer placed finance paper	Sep 4	11.94	9.00	9.00	11.55
Japan	Call money	Sep 4	13.00	8.50	12.83	13.50
West Germany	Interbank loans (3 Months)	Sep 4	9.53	14.13	9.28	9.44
France	Call money	Sep 4	13.38	9.12	13.00	13.38
United Kingdom	Sterling interbank loan (3 mo)	Sep 4	12.45	14.23	12.26	13.08
Canada	Finance paper	Sep 4	11.88	8.50	11.05	11.83
Euro-Dollars	Three-month deposits	Sep 4	13.74	11.55	11.63	13.60

*Seasonally adjusted.
**Average for latest 3 months compared
with average for previous 3 months.

25 September 1974

Office of Economic Research/CIA

Note: US data provided by US government agencies

EXTERNAL ECONOMIC INDICATORS

EXPORTS*

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	Latest Month	Cumulative		Percent Change	
		1974	1973		
		Million U.S. \$	1974	1973	
United States	Jul 74	6,337	54,915	17,470	44.6
Japan	Aug 74	4,002	34,102	22,047	51.7
West Germany	Jul 74	1,824	50,697	35,231	41.1
France	Aug 74	4,944	30,297	23,434	28.3
United Kingdom	Aug 74	1,237	23,401	18,618	25.7
Italy	Jun 74	2,270	13,285	9,401	41.1
Canada	Jul 74	2,751	18,292	14,287	28.0

EXPORT PRICES

US \$

	Latest Month	Percent Change		Average Annual Growth Rate Since	
		Month	1970	1 Year Earlier	1 Month Earlier
United States	Jul 74	0.5	11.7	25.7	14.1
Japan	Jun 74	0.9	17.1	35.1	29.7
West Germany	Jun 74	2.4	15.0	20.3	11.8
France	May 74	0.6	14.3	19.3	5.8
United Kingdom	Apr 74	5.9	12.5	23.9	109.7
Italy	Apr 74	5.8	13.3	29.4	23.9
Canada	May 74	1.5	14.9	44.1	55.2

IMPORTS*

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	Latest Month	Cumulative			
		Million U.S. \$		Percent Change	
		1974	1973		
United States	Jul 74	9,036	55,908	38,879	43.8
Japan	Aug 74	4,488	35,487	19,928	77.7
West Germany	Jul 74	5,868	38,353	27,908	38.1
France	Aug 74	4,489	33,152	22,821	48.8
United Kingdom	Aug 74	3,988	31,489	21,385	47.7
Italy	Jun 74	2,827	16,852	10,708	57.4
Canada	Jul 74	2,778	12,711	13,058	35.7

EXPORT PRICES

National Currency

	Latest Month	Percent Change		Average Annual Growth Rate Since	
		Month	1970	1 Year Earlier	1 Month Earlier
United States	Jul 74	0.5	11.7	25.7	14.1
Japan	Jun 74	2.7	10.2	44.5	30.6
West Germany	Jun 74	0.7	4.7	17.7	13.5
France	May 74	0.7	10.4	29.4	40.8
United Kingdom	Apr 74	3.8	12.6	28.8	57.7
Italy	Apr 74	5.6	13.8	39.6	63.6
Canada	May 74	0.8	12.4	38.2	48.4

TRADE BALANCE*

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	Latest Month	Cumulative (Million U.S. \$)			
		Million U.S. \$	1974	1973	Change
United States	Jul 74	728	991	909	82
Japan	Aug 74	377	1,045	2,721	3,766
West Germany	Jul 74	1,958	14,345	7,972	6,373
France	Aug 74	445	2,859	813	3,672
United Kingdom	Aug 74	749	8,066	2,767	5,299
Italy	Jun 74	550	3,566	1,307	2,259
Canada	Jul 74	25	581	1,231	650

IMPORT PRICES

National Currency

	Latest Month	Percent Change		Average Annual Growth Rate Since	
		Month	1970	1 Year Earlier	1 Month Earlier
United States	Jul 74	2.4	19.5	52.3	27.1
Japan	Jun 74	2.3	17.7	83.7	27.7
West Germany	Jun 74	1.7	6.9	29.7	16.9
France	May 74	4.0	18.0	63.0	24.4
United Kingdom	Apr 74	3.5	21.5	81.6	89.5
Italy	Apr 74	5.4	26.0	90.8	163.4
Canada	May 74	3.4	10.6	30.0	54.2

BASIC BALANCE**

Current and Long Term Capital Transactions

	Latest Period	Cumulative (Million US \$)			
		Million US \$	1973	1972	Change
United States*	74 II	-2,740	954	-2,164	1,210
Japan	Aug 74	-270	-9,321	-8,020	-3,301
West Germany	Jul 74	288	5,069	1,438	3,631
France	73 IV	431	2,471	369	2,162
United Kingdom	74 I	84	84	-1,033	1,117
Italy	73 II	338	639	971	-332
Canada	74 I	195	195	191	4

EXCHANGE RATES

As of 20 Sep 74

	US \$ Per Unit	Percent Change from			
		Dec 66	18 Dec 1971	19 Mar 1973	13 Sep 1974
Japan (Yen)	0.0034	22.58	4.16	11.07	1.47
West Germany (Deutsche Mark)	0.3761	49.00	21.21	6.21	0.21
France (Franc)	0.2087	3.37	5.99	-5.31	0.48
United Kingdom (Pound Sterling)	2.3140	-17.08	-11.19	-5.97	0.08
Italy (Lira)	0.0015	-5.62	12.15	-14.63	0
Canada (Dollar)	1.0137	9.90	1.59	1.60	0.09

OFFICIAL RESERVES

		Billion US \$			
Latest Month					
	End of	Billion US \$	Jun 1970	1 Year Earlier	3 Months Earlier
United States	Jul 74	14.9	14.5	12.9	14.6
Japan	Aug 74	12.9	4.1	15.1	13.2
West Germany	Jul 74	33.5	8.8	34.1	33.8
France	Aug 74	8.5	4.4	11.2	8.1
United Kingdom	Aug 74	6.8	2.8	6.5	6.9
Italy	Jun 74	5.3	4.7	6.0	6.7
Canada	Aug 74	5.9	4.3	5.6	6.2

TRADE-WEIGHTED EXCHANGE RATES***

As of 20 Sep 74

	Percent Change from			
	Dec 66	18 Dec 1971	19 Mar 1973	13 Sep 1974
United States	-14.13	-4.87	1.71	-6.39
Japan	13.08	-0.55	-12.78	1.41
West Germany	29.15	12.28	1.03	-0.07
France	-18.59	-3.28	-5.72	0.28
United Kingdom	-35.53	-21.32	-6.92	-0.17
Italy	-25.62	-24.32	-17.41	-0.28
Canada	7.53	0.93	2.57	-0.01

*Seasonally adjusted.

**Converted into US dollars at current market rates of exchange.

***Weighting is based on each listed country's trade with 18 other industrialized countries to reflect the competitive impact of exchange-rate variations among the major currencies.

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